PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE

ADMINISTRATIVE MATTER	☐	DATE	**April 21, 2021**
MOTOR CARRIER MATTER	☐	DOCKET NO.	**2019-182-E**
UTILITIES MATTER	☑	ORDER NO.	**2021-277**

THIS DIRECTIVE SHALL SERVE AS THE COMMISSION'S ORDER ON THIS ISSUE.

Order Refusing to Table and Adopting Motion to Carry Over

SUBJECT:
DOCKET NO. 2019-182-E - South Carolina Energy Freedom Act (H.3659) Proceeding Initiated Pursuant to S.C. Code Ann. Section 58-40-20(C): Generic Docket to (1) Investigate and Determine the Costs and Benefits of the Current Net Energy Metering Program and (2) Establish a Methodology for Calculating the Value of the Energy Produced by Customer-Generators - Staff Presents for Commission Consideration Disposition of Docket No. 2019-182-E.

COMMISSION ACTION:
The following Motion was made by Commissioner Ervin, as follows and which remains pending and no vote or action was taken on this Motion prior to adjournment of the Business Meeting:

"South Carolina Act 62 adopted by the General Assembly in May of 2019 required the Commission to open a generic docket to 'investigate and determine the costs and benefits of the current net energy metering program and to establish a methodology for calculating the value of the energy produced by customer generators.'

With regard to the cost benefit analysis of existing Net Energy Metering (NEM) programs, I move that the Commission consider the useful life expectancy of solar photovoltaic (PV) systems used by NEM customers to be up to twenty-five years in the discretion of the Commission. All self generation by a NEM customer generator within the billing period is to be considered equivalent to energy efficiency or demand-side management measures.

With regard to cost of service implications, I move that the Commission generally adopt the cost of service analysis proposed by the solar intervenors using the theory that customer generators with a class are separated out and evaluated separately for analytical purposes only. This analysis is not creating a separate class of service for customer generators but rather this methodology is being used for analysis only. This analysis shall include the following factors:
A. Examinations of both embedded and marginal costs so as to consider the impacts of customer generators on both historic and future utility costs and benefits.
B. This evaluation of theoretical customer generator classes shall include the cost of service analytical factors and requires load data, and/or a methodology consistent with an electrical utility's current load research on a statistically significant sample of customer generators. Where this is not currently possible, it is reasonable to estimate the hourly usage profile of a customer generator using historic usage profiles and estimating the net hourly usage profile of these customers by applying the aggregate generation profile for that corresponding period recorded from all customer generators with production meters owned and controlled by the regulated electrical utility. The load of customer generators should be evaluated within the cost of service analysis on the basis of net hourly consumption from the electric grid.
C. For purposes of the customer generator cost of service study, a customer that is a net exporter of electricity during an hour has a negative net hourly consumption. That individual customer generator's

exports in that hour should be recorded as a negative number and not merely recorded as zero net consumption. This approach should also be followed to determine the aggregate hourly net load profile of all customer generators within a class of service.
D. The use of the same Commission approved cost of service allocators is including methods of allocating costs to the theoretical customer generator classes on which effective rates are based at the time of evaluation as well as the use of a test year that is more recent than the test year relied upon in the utility's most recent rate case. Requests to use allocators differing from the most recent Commission approved cost of service allocators must be supported by substantial justification.
E. Behind the meter consumption, in other words self-consumption, should be valued using the same methodology as energy efficiency or demand-side management programs.

With regard to the value of distributed energy generation according to the Act 62 methodology approved in Commission Order No. 2015-194, I move that the value stack be retained with the following modifications:
A. That the stack be amended to reflect up to a twenty-five year expected life span for solar PV.
B. That avoided line losses be calculated on a marginal basis considering daylight hours only.
C. That utility integration costs (which are determined in the avoided costs proceeding) should only be applied to exported power because behind the meter consumption is to be viewed the same as energy efficiency and that integrated costs for customer-sited DER should focus more on distribution system related impacts. Electric utilities shall track incremental interconnection costs associated with customer-generated interconnections not covered by an interconnection application fee.
D. Customer generators are not currently utilized to provide ancillary services. Electric utilities are hereby required to evaluate the creation of programs to leverage DER to provide ancillary services especially as technology development improves and leads to storage.
E. Inclusion of a methodology to quantify long-run impacts of aggregate customer generators on avoided transmission and distribution costs. Thus, the electric utilities shall collect data with sufficient granularity to provide the Commission with quantitative analysis of avoided transmission and distribution costs.
F. If the electric utility engaged in financial hedging activities to hedge against rising fuel costs, then the electric utility shall keep sufficient data to determine the prudency of those costs.
G. If state or federal laws impose regulatory burdens on electric utilities going forward, then electric utilities shall provide the Commission with the quantifiable costs of complying with those regulations that limit carbon dioxide and methane emissions, sometimes referred to as "greenhouse emissions," so that customer generators can be credited with an appropriate benefit in meeting those emission standards.
H. With regard to the direct and indirect economic impacts that benefit the utility service area in South Carolina, I move that the Commission find that it is unable to adequately quantify the direct economic benefits from the record currently before us.

We do recognize there are certain indirect benefits like job creation, infrastructure investments and growth in the state's economy that do exist but are difficult to quantify however. Given the existing record, I move that the Commission adopt Witness Dr. Wright's analysis of direct and indirect beneficial economic impacts for all NEM future proceedings.

Act 62 instructed the Commission to consider best practices from other jurisdictions, particularly in the Southeast, in considering NEM distributed generation on non-solar customers as we continue to build on the success of rooftop solar in South Carolina while also considering the impact of net energy metering policies on ratepayers and regulated utilities. While few Southeastern states have dealt with these issues, a number of jurisdictions around the United States have done so, or are in the process of doing so. A majority of jurisdictions that have dealt with these issues have concluded that the utilization of NEM for solar DG offer net benefits to the electric system as a whole, including non-solar customers. Many have found that the benefits outweigh the cost.

The growth of rooftop solar has been found in most jurisdictions to reduce the overall costs to all utility customers. Solar Distributed Generation also reduces demand for electricity from the electric utility and provides power to the grid when the solar systems generate more power than is used at a residential or commercial site. This surplus electricity is generated at, or near, summer peak times when the cost to the utility of procuring additional power is most expensive.

Because locational factors can affect solar valuations, access to location specific utility data should be made available to the stakeholders and the Commission as part of the development of any new successor tariff

mechanisms. These factors all fit under the Act 62 category of other relevant data that the Commission deems appropriate in its implementation of Act 62.

The General Assembly through Act 62 requires the Commission to consider costs and benefits associated with renewable energy and to appropriately calculate those costs and benefits. This Commission finds that to fulfill the General Assembly's statutory directive, the Commission must better define certain benefits and costs -- both the components and the methodology for determining costs -- whether they be economic, health or other such benefits.

So going forward, we will work to create better values to better capture both the avoided costs and the benefits of Act 62."

Prior to a vote on Commissioner Ervin's Motion, Commissioner Caston made a Motion to Carry-Over this item. However, Commissioner Ervin moved to table the motion. By a vote of three (3) commissioners to three (3) commissioners, the motion to table fails as it did not receive the necessary majority vote to pass.

BELOW IS THE VOTE FOR MOTION TO TABLE

PRESIDING: J. Williams SESSION: Regular TIME: 11:00 a.m.

	MOTION	YES	NO	OTHER	
BELSER	☐	☑	☐		Present in Hearing Room
CASTON	☐	☐	☑		Present in Hearing Room
ERVIN	☑	☑	☐		Voting via Webex
POWERS	☐	☑	☐		Present in Hearing Room
THOMAS	☐	☐	☑		Voting via Webex
C. WILLIAMS	☐	☐	☑		Voting via Webex
J. WILLIAMS	☐	☐	☐	Not Voting	Present in Hearing Room

(SEAL)

RECORDED BY: J. Schmieding

COMMISSION ACTION:

2nd Part of Motions - Vote to Carry Over Item for One Week:

Therefore, the question was whether or not the Commission will carry over this item, which was later amended to clarify that the Motion by Commissioner Caston is to carry over this Docket for one (1) week (or until April 28, 2021). The Motion to carry over this item for one week was adopted by a vote of 6-0.

PRESIDING: J. Williams SESSION: Regular TIME: 11:00 a.m.

	MOTION	YES	NO	OTHER	
BELSER	☐	☑	☐		Present in Hearing Room
CASTON	☑	☑	☐		Present in Hearing Room
ERVIN	☐	☑	☐		Voting via Webex
POWERS	☐	☑	☐		Present in Hearing Room
THOMAS	☐	☑	☐		Voting via Webex
C. WILLIAMS	☐	☑	☐		Voting via Webex
J. WILLIAMS	☐	☐	☐	Not Voting	Present in Hearing Room

(SEAL)

RECORDED BY: J. Schmieding